

**REMARKS**

Claims 16 and 18-21 are pending. Claims 18, 19, and 21 are allowed. Claims 16 and 20 are rejected. Claims 16 and 20 are rejected under 35 USC 103(a) over Shkedy in view of Abecassis and further in view of Sullivan *et al.* For the following reasons, the undersigned representative respectfully traverses the rejections as set forth below.

**Rejection of Claims and 20 under 35 U.S.C. § 103(a)**

Claims 16 and 20 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent 6,260,024 to Shkedy in view of U.S. Patent 5,426,281 to Abecassis and further in view of U.S. Patent Application 2001/0018665 to Sullivan *et al.* (“Sullivan”). Pursuant to the requirements for establishing a *prima facie* case of obviousness under 35 U.S.C. §103, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). Referring to MPEP Section 2142,

[t]o establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, **the prior art reference (or references when combined) must teach or suggest all the claim limitations.** The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on the applicant’s disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

(emphasis added). The Examiner fails to establish a *prima facie* case of obviousness. As admitted by the Examiner, “Shkedy in view of Abecassis does not disclose comparing the final bid amount to a predetermined threshold amount to determine a preferred payment process” as recited in claim 16 of the present application. *See* page 9 of the March 31,

2006 Office Action. The Examiner improperly attempts to rely on Sullivan for teaching this step. Specifically, the Examiner asserts that:

However, in the same field of electronic commerce, Sullivan discloses comparing the final bid amount to a pre-determined threshold amount to determine a preferred payment process (see paragraph 0080, pg. 8, “ *The database server 32 enables the account administrator to enter any special promotion payment terms, as indicated by block 300..... Special promotion payment terms can encompass anything particular to the individual promotion, ...These special promotion payment terms are also settled by the system 10. ...* ” and paragraph 0097, pg. 11, “*The application 174 uses the terms of the promotion to calculate the amount of money due to or that the manufacture owes to the retailer for the promotion based upon the number of promoted products sold or the payment value contracted amount,* ”. Note: Sullivan explicitly discloses that promotions, such as special terms of payment are directly related to the contracted value, that is the final bid amount in the application and vary depending upon if the final bid amount in the application and vary depending upon if the final bid amount is more or equal or less than a threshold amount). In view of Sullivan, it would have obvious to one of ordinary skill in the art at the time of the applicant’s invention to have modified Shkedy in view of Abecassis to incorporate the feature of comparing the final bid amount to a pre-determined threshold amount to determine a preferred payment process because such promotions of special payment terms are a part of variety of promotions that sellers/retailers use to sell their products/increase their revenues and profits. For, example, stores like Best Bu, Circuit City, etc. provide no interest payment terms for a determined period of time if the order value is more than a predetermined amount, such as a \$1000, or whatsoever and these special terms of payment motivate buyers to buy large ticket items. If the total order value is less than \$1000 then different payment terms are applicable.

Claim 16 of the present application recites the step of “comparing the final bid amount to a pre-determined threshold amount to determine a preferred payment process, wherein the preferred payment process when the final bid amount is above the pre-determined threshold amount includes: ...” (emphasis added). As recited in the specification of the present application “... once both the buyer and seller have selected their respective accounts/bills, there are at least two payment scenarios, the first is an immediate transferal of the payment from the buyer to seller, the second is a transferal of

the payment into an escrow account where the money is only transferred to the seller upon the occurrence of certain events ... selecting an exemplary amount for illustration purposes, if the final bid price is less than or equal to \$500, the first, immediate payment scenario occurs. If the final bid price is greater than \$500, the second escrow payment scenario occurs.” *See* p. 12, ll. 8-19. Therefore in claim 16, the final bid price is compared to a pre-determined threshold amount, e.g., \$500, and if the final bid price is higher than the pre-determined threshold amount, then the escrow payment scenario is used. Thus, the pre-determined threshold amount is used to determine the payment process: whether to use an escrow payment process or not.

In contrast, Sullivan discloses a system and method for administering promotions which does not include a bid process. The cited paragraphs, paragraphs 0080 and 0097, disclose a payment system. Specifically, these paragraphs disclose an account administrator entering special promotion payment terms, e.g., special advertising fees, special display fees, etc. *See* para. 0080. “These special promotions payment terms are settled by the system 10.” *Id.* Paragraph 0097 recites that:

The application 174 uses the terms of the promotion to calculate the amount of money due to or that the manufacturer owes to the retailer for the promotion based upon the number of promoted products sold or the payment value contracted amount, the discounts given by the retailer to the customers, and the terms of the promotion. The independent system may use one of three options for facilitating settlement of the promotions. These options include: (1) electronic funds transfer (EFT) payments through an appropriate financial institution or system; (2) preparation of an invoice which the manufacturer pays by check (or other payment method); or (3) deduction of the retailer’s payments to the manufacturer for products supplied by the manufacturer. The independent system 24 also calculates the fees the retailer and manufacturer owe to the independent system operator for administering the promotions and includes fees in the settlement.

Thus the special promotions payment terms are used to calculate the amount owed. Paragraph 0097 discloses three different payment options, but does not teach or suggest that a pre-determined threshold amount dictates which option is used. Sullivan does not use a pre-determined threshold amount to determine the payment option. In addition, Sullivan does not use a final bid amount to determine the payment option but rather calculates a final amount owed. Determining the amount owed is not the same as comparing a final bid amount to a pre-determined threshold amount to determine the payment option. Thus, Sullivan does not teach or suggest "comparing the final bid amount to a pre-determined threshold amount to determine a preferred payment process, wherein the preferred payment process when the final bid amount is above the pre-determined threshold amount includes:..." as recited in claim 16 of the present application.

Moreover, the Examiner is not providing the proper suggestion or motivation for combining the cited art. The prior art must suggest the desirability of the claimed invention. Specifically, MPEP 2143.01 recites that:

"In determining the propriety of the Patent Office case for obviousness in the first instance, it is necessary to ascertain whether or not the reference teachings would appear to be sufficient for one of ordinary skill in the relevant art having the reference before him to make the proposed substitution, combination, or other modification." *In re Linter*, 458 F.2d 1013, 1016, 173 USPQ 560, 562 (CCPA 1972).

Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either explicitly or implicitly in the references themselves or in the knowledge generally available to one of ordinary skill in the art. "The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art." *In re Kotzab*, 217 F.3d 1365, 1370, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000). See also *In*

*re Lee*, 277 F.3d 1338, 1342-44, 61 USPQ2d 1430, 1433-34 (Fed. Cir. 2002) (discussing the importance of relying on objective evidence and making specific factual findings with respect to the motivation to combine references); *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

Since Sullivan does not teach or suggest comparing the final bid amount to a pre-determined threshold amount to determine if a preferred payment process, it cannot provide the proper suggestion or motivation for such a combination. The Examiner attempts to provide an example of a preferred payment process using a no interest payment promotion, however this example is one the Examiner conceived and did not derive from Sullivan.

Moreover, recognizing after the fact that such a modification would provide an improvement or advantage, *without suggestion thereof by the prior art*, rather than dictating a conclusion of obviousness, is an indication of improper application of hindsight considerations. Simplicity and hindsight are not proper criteria for resolving obviousness. *In re Warner*, 379 F.2d 1011, 154 USPQ 173 (CCPA 1967). It is only the applicants' disclosure that discloses comparing a final bid amount to a pre-determined threshold amount to determine if a preferred payment process should be used. Thus, the only motivation of record for the proposed modification of Dejaeger to arrive at the claimed invention is found in Applicant's disclosure which, of course, may not properly be relied upon to support the ultimate legal conclusion of obviousness under 35 U.S.C. §103. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 227 1 USPQ2d 1593 (Fed. Cir. 1987). Thus, the Examiner is using hindsight which is not proper criteria for resolving obviousness.

Finally, the undersigned representative continues to respectfully disagree with the Examiner's assertion of Sullivan being analogous art for the reasons stated in the previous responses.

Regarding claim 20, as admitted by the Examiner, "its limitations are closely parallel to the limitation of claim 16 except ..." *See* page 10 of the March 31, 2006 Office Action. Similar to the arguments above, the cited art does not teach or suggest "comparing the final bid amount to a pre-determined threshold amount to determine a preferred payment process, wherein the preferred payment process when the final bid amount is below the pre-determined threshold amount includes: ..." as recited in claim 20 of the present application. In addition, the above arguments regarding claim 16 also apply to claim 20.

For at least these reasons, claims 16 and 20 are patentable over the cited art. Accordingly, it is respectfully requested that the rejection of claims 16 and 20 under 35 U.S.C. §103(a) be reconsidered and withdrawn.

**Allowable Subject Matter**

The undersigned representative thanks the Examiner for the allowance of claims 18, 19, and 21.

**CONCLUSION**

The foregoing is submitted as a full and complete Response to the Final Office Action mailed March 31, 2006 and early and favorable consideration of the claims is requested. If the Examiner believes any informalities remain in the application which may be corrected by Examiner's Amendment, or if there are any other issues which may be resolved by telephone interview, a telephone call to the undersigned attorney at (202)508-5843 is respectfully solicited. Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account 50-1458, and please credit any excess fees to such deposit account.

Respectfully submitted,

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